



## Department of Energy

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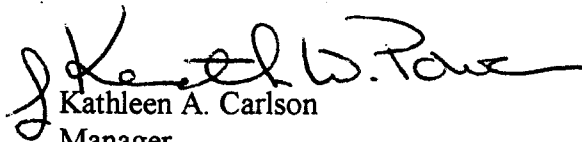
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### BECHTEL NEVADA (BN) ASSESSMENT OF PERFORMANCE MEASURES ACHIEVED AND AWARD FEE EVALUATION FOR THE PERIOD OCTOBER 1, 2001, THROUGH SEPTEMBER 30, 2002, CONTRACT NO. DE-AC08-96NV11718 -REVISION

The National Nuclear Security Administration Nevada Operations Office (NNSA/NV) has completed its assessment of BN's effectiveness in meeting the performance expectations reflected in the Performance Evaluation and Measurement Plan for the period October 1, 2001, through September 30, 2002. Based on this assessment, which has been reviewed and concurred upon by the Acting Administrator for the National Nuclear Security Administration, BN is authorized earned fee in the amount of \$20,561,382 for this period. This is a composite of \$11,980,782 in earnings from the performance based incentive fee pool and \$8,580,600 in earnings from the award fee pool.

Overall, BN has done an excellent job in meeting or exceeding the vast majority of NNSA/NV's programmatic, operational, and administrative expectations. Especially commendable was BN's performance in supporting the National Laboratories by exceeding expectations associated with the Atlas Relocation Project, JASPER Project, subcritical experiments, response to the post 9/11 activities, and the management of the "B complex" beryllium issue. However, immediate attention is required in environmental issues and nuclear facility safety basis requirements pertaining to environmental management activities. Also, additional attention is warranted in institutionalization of integrated safety management and emergency management hazards analysis, feedback and improvement.

A copy of the Award Fee Board Report is enclosed for your information.

  
Kathleen A. Carlson  
Manager

CPMD: SCH-03141

Enclosure:  
As stated

**AWARD FEE REPORT OF BECHTEL NEVADA'S PERFORMANCE  
FOR THE PERIOD  
OCTOBER 1, 2001, THROUGH SEPTEMBER 30, 2002**

**I. EXECUTIVE SUMMARY**

Bechtel Nevada (BN) has done an excellent job in meeting or exceeding the vast majority of NNSA/NV's programmatic, operational, and administrative expectations. Consistent with this level of performance, BN is rated at the 90 percent level for this performance period.

During this evaluation period, BN consistently strived to manage contract requirements from a strategic perspective with emphasis on long-term plans with specific actions to achieve the strategic focus and vision. For example, BN adapted the Bechtel Corporate General Management Model to integrate commercial management and leadership practices into their management structure and Human Capital Management succession planning efforts; integrated Six Sigma Program concepts to strive to increase customer expectations and reduce overall costs; partnered with NNSA/NV to jointly identify and address the top-ten priority focus areas; implemented a comprehensive 10 year Site Development Plan to upgrade programmatic facilities and infrastructure of the Nevada Test Site; institutionalized "earned value" project management concepts at all contract locations; made substantial contributions associated with the Enhanced Test Readiness posture and provided valuable assistance in giving advice on the Nuclear Posture Review; focused on long-term enhancement of nuclear operations and integrated safety management; and reorganized to improve customer interfaces, reduce the ratio of indirect costs to direct costs; and increase the supervisory to employee ratio.

BN also successfully supported the National Laboratories by exceeding expectations associated with the Atlas Relocation Project, the JASPER Project, and subcritical experiments; exceeded expectations in meeting the National Security emergency response challenges associated with post 9/11 activities; provided a strong training program to meet the national demands associated with counter terrorism training; and maintained an aggressive management posture at the low-level waste environmental management facility to continue to meet national requirements; managed the Egg Point Wildland Fire and received commendations on their efforts to mitigate the potential affects of the incident; managed the "B complex" beryllium issue with minimal employee and operational disruption; and continued to effectively manage administrative and financial activities.

BN is encouraged to continue to maintain management emphasis, commitment, and communication on the above mentioned areas as well as those areas needing additional management attention. For example, environmental issues and nuclear facility safety basis requirements pertaining to environmental management activities; enhanced environment, safety, and health operations; institutionalization of integrated safety management hazards analysis and feedback and improvement; understanding of customer

requirements to improve the quality of budget estimates; and maintaining uncosted balances within Departmental guidelines.

## **II. MANAGEMENT**

### **Introduction**

Emphasis on enhancing management practices continued to be evident. Positive efforts were noted in business development, business management, procurement, socio-economic outreach goals, support to the National Laboratories, Real Estate Operations Permits (REOP) process; and workforce planning. However, concerns remain pertaining to consistent development of quality budget estimates, progress in achieving reduced levels of indirect expense and indirect staffing, and diversity of workforce hiring.

### **SEA #1 - General Management - Achievements**

BN's efforts to enhance management responsiveness were noteworthy. BN successfully adapted and implemented the proprietary Bechtel Corporate General Management Model. This model integrates strategy, commercial management, leadership, operations, and resource requirements to provide a successful business through optimized business leadership and management.

BN has partnered with NNSA/NV to identify the top ten priorities that NNSA/NV and BN will focus on in FY 2003. The priorities include mission activities such as Atlas relocation, JASPER start up, and NNSA Nonproliferation effort. The priorities also include operation activities, such as further enhancement of integrated safety management, equipment modernization, behavioral based safety, and nuclear operations.

BN's aggressive efforts in pursuing the expansion of on-going projects and in seeking mission related business opportunities resulted in achieving a 54% increase in other NNSA, Work For Others (WFO) federal and non-federal entities funding over the previous year. BN actively supported new projects, including the National Ignition Facility, Target Area Operations and Diagnostics Development, Defense Advanced Research Projects Agency Immune Building, Project 400, and Department of Justice First Responder Training. In addition, BN's efforts in developing the National Center for Combating Terrorism concept were particularly noteworthy and resulted in the funding of a new national initiative at the NTS.

BN was successful in implementing a reorganization, which included ensuring appropriate communication/coordination with affected parties. Along with eliminating redundant functions, better defining organizational roles and responsibilities, and improving customer interfaces, BN increased the supervisory to employee ratio from 1 to 9.65 in October 2001 to a ratio of 1 to 12.28 in September 2002.

BN effectively implemented the “Earned Value” operational management concept on all projects. To assure effective and efficient utilization of the concept, a joint NNSA/NV and BN Estimating Task team was formed which focused on better scope definition and management.

BN effectively supported the National Laboratory programs. BN implemented a plan to improve communications; developed and implemented a customer communications plan in concert with the Assistant Manager for National Security; received a 99% composite positive score on laboratory quarterly surveys; participated in an interagency Defense Science Board study and presented congressional testimony with National Laboratory directors.

BN was successful in the implementation of the Integrated Tracking System. This system, possibly the first of its kind in NNSA, has potential for extended application throughout the Department of Energy (DOE) complex. BN evaluated and selected caWeb software options and provided high quality training on the system to NNSA/NV and BN staff.

BN developed and implemented a Mentor-Protégée Agreement with United Drilling, a small disadvantaged business that provides drilling services. The subcontract is for a five-year period at an estimated \$9.7M. A task order in the amount of \$1.349M was issued and successfully completed during FY 2002.

For the seventh straight year, BN exceeded its goals in the socio-economic categories associated with Small Business, Woman-Owned Small Business, Historically Underutilized Business Zone, and Veteran Owned Small Business. In addition, the U.S. Small Business Administration (SBA) presented BN with the Award of Distinction, the second highest prestigious award given by SBA, which recognizes large Federal contractors that have exceptional small business subcontracting programs.

BN was successful in efforts to enhance the accuracy and configuration management of the REOP process. BN established a central primary responsibility for all BN REOP issues; added comprehensive preparation instructions to the BN REOP web page; conducted an in-depth consistency review of existing documents; and created a comprehensive report with a listing of all active and inactive REOPs.

BN efforts to integrate Six Sigma Program methodology to improve customer satisfaction, productivity, capital reduction, and overall performance were successful. BN conducted extensive training for NNSA/NV and National Laboratory personnel and initiated 27 Process Improvements Projects during FY 2002. Successful utilization of Six Sigma was noted in the Borehole Management project and in the Atlas Pulsed Power Machine Project. Both projects evidenced efficiencies in areas such as project schedule and allocation of resources.

BN conducted a self-assessment of its workforce and successfully implemented several programs to improve employee morale and supervisor/management competencies, such as a mentoring program, succession planning, initiation of the Performance Based Leadership Program and the Leadership Supply System.

#### **SEA #1 – General Management - Areas Requiring Improvements**

BN did not consistently produce quality and timely budget estimates. A joint BN and NNSA/NV team concluded that the root cause for BN not meeting expectations was BN's reliance on not well defined customer requirements.

BN reduced the ratio of indirect costs to total costs from the comparable FY 2001 baseline of 45.9% to 45.2% at the end of FY 2002. However, this reduction showed a slower than expected downward trend. NNSA/NV is also concerned that indirect costs and staffing are increasing at about the same rate as direct cost and staffing as overall contract costs and staffing increase.

BN management did not make significant strides in addressing under-representation during the FY 2002 employment buildup. BN added approximately 450 persons during FY 2002 with a decrease in minority employment (23.19% in September, 2001 to 23.16% in September, 2002) and female employment (26.75% in September, 2001 to 25.44% in September 2002).

#### **SEA # 2 – Strengthen Business Management Systems and Procedures - Achievements**

Excellence in the quality and timeliness of Month End Financial Submissions was evident. BN continually submitted monthly and year-end financial data on or in advance of established due dates. In addition, BN administered internal edit routines to ensure reporting accuracy thereby allowing NNSA/NV greater opportunity to review BN's data and virtually eliminating the need for corrections following HQ processing.

BN managed its indirect cost rates during the fiscal year with minimal rate adjustments. This provided rate stability to BN customers minimizing impacts on work due to rate changes. BN's \$1.5M over recovery variance at fiscal year end was the lowest since contract inception and was well within acceptable threshold levels, especially considering the minimal number of rate adjustments made during the fiscal year.

Significant results were achieved in meeting or exceeding schedules for e-Commerce deliverables including upgrading PeopleSoft, implementing an on-line scope of work writing tool, making enhancements to Oracle, conducting an assessment of electronic timekeeping and travel, and making telecommunications upgrades, including a first of its kind partnering with the U.S. Air Force on the use of the Trunk Radio System. BN also met all planned Business Applications Modernization Plan deliverables.

BN completed two reverse auctions in August 2002, which was one of a few sites conducting such auctions throughout NNSA and the DOE complex. Both auctions resulted in subcontract awards to small business firms.

### **SEA # 2 – Strengthen Business Management Systems and Procedures - Areas Requiring Improvement**

Year-end uncosted obligation balances increased from \$83.3M at the end of FY 2001 to a reported \$137.8M at the end of FY 2002. While a significant portion of the increase can be attributed to Work-for-Others programs and late receipt of funding for DOE programs, the uncosted balances for many DOE programs exceeded thresholds considered acceptable by Departmental guidelines.

Findings related to the quality of the documentation available to support costs claimed and differences between financial and property inventory records were identified during an audit of BN's Statement of Cost Incurred and Claimed (SCIC) Department-wide financial statements. As a result, the Office of Inspector General has qualified its opinion of BN's SCIC requiring additional effort by both NNSA/NV and BN to determine allowable costs claimed for the period audited. Also KPMG (an independent audit firm) is considering findings and recommendations concerning needed improvements to BN's property and financial records.

Notification of BN FY 2003 cost model and indirect rate changes did not meet expectations in timeliness and consistency as to allow customers and stakeholders to determine programmatic impacts and appropriately plan programmatic adjustments.

## **III. MISSION**

### **Introduction**

BN's performance in support of national security, emergency response, and environmental management programs continued to evolve, and in some cases, demonstrated exceptional service or significant improvement. BN's efforts in the emergency response arena were exceptional. A strong commitment to the national security programs of the National Laboratories, enhanced test readiness, several environmental management projects was also evident. However, improvements and renewed emphasis are warranted in TRU program activities and the development of adequate and timely documentation associated with environmental management initiatives.

### **SEA #3 – Improve Efficiencies & Enhance Capabilities of the NTS for National Security Work - Achievements**

BN's Stockpile Stewardship program and Project Management is to be commended for effectively managing activities supporting the National Laboratories in a time of

changing requirements and fluctuating budgets. BN facilitated efforts of the Los Alamos National Laboratory (LANL) on the Device Assembly Facility (DAF) Down-Draft Table/Facility project using its comprehensive knowledge of the NTS DAF to expedite many aspects of project planning and design; completed the extension of the U1h drift to the U1a complex; and remained fully committed to providing the necessary resources to support the LANL subcritical experiment (SCE) and Atlas 16 pulsed power experiments. Several Atlas relocation-planning meetings were held with LANL to optimize the disassembly and reassembly sequences and finalize disassembly worker training requirements. Using the Six Sigma process a model was prepared for the maintenance unit disassembly process and used to validate the schedule and budget and optimize the crew makeup. BN and Lawrence Livermore National Laboratory (LLNL) also worked together as an integrated team to support the SCE program. BN was responsive to needs and changing requirements on numerous LLNL projects including the design and installation of a new holography laser system at U1a; timely delivery of a new Primary Target Chamber design under the JASPER project; and providing engineering expertise to the BEEF. In addition, BN successfully implemented a SDRD program for FY 2002, under a compressed schedule.

BN provided exceptional support to five LLNL and LANL subcritical experiments with 100% data return being achieved. This level of support was even more noteworthy in that two of the experiments were performed with a 4-week turnaround.

BN's Counter Terrorism Operations Support Group exceeded its target for conducting 20 training courses by 31 for a total of 51 training courses in FY 2002. In addition, BN proactively developed three "traveling" training courses that allowed BN to reach and train a greater number of first responders. Further, BN's support to the Chemical, Biological, Radiological, and Nuclear (CBRN) Incident Analysis Study had a significant impact on the success of the organization in meeting their mission and goals. The CBRN Working Group was tasked to assess the capability to respond to chemical, biological, and nuclear terrorist threats to U.S. interests nationwide. BN provided highly qualified, competent expertise that proved invaluable in the areas of Threat Assessment and assessment of Radiological and Nuclear capabilities and gaps.

BN's Hazardous Material Technician Course and the Exercise Development Course have been accredited by the University of Nevada, Las Vegas (UNLV) for Continuing Education Units, and four other courses are currently under review for accreditation. BN and UNLV met to discuss curriculums for Bachelors and Master's Degree programs in Counter Terrorism.

BN successfully supported NNSA/NV initiatives to evaluate the test readiness posture. BN also performed detailed analysis of the Nuclear Posture Review and provided valuable assistance to NNSA/NV and NNSA/HQ. BN improved efficiencies and enhanced capabilities of the NTS by effectively eliminating facilities storage space for Test Readiness Functions, successfully relocated drilling rig components. In addition, BN implemented an Underground Test (UGT) Nuclear Skills Training Program that

focuses on UGT skills are not exercised in the Stockpile Stewardship Program; successfully conducted Decision Support System simulations against new information from Enhanced Test Readiness (ETR) Cost Model; and completed a generic portion of UGT Authorization Basis documentation.

BN sustained growth of WFO projects for DOJ, DTRA, DARPA, and Project 400. BN submitted the monthly status reports and quarterly reports to its WFO project managers on time, and achieved a customer satisfaction rating between “satisfied” and “highly satisfied.” In addition, BN successfully supported a total of 14 tests in 17 days leading up to the successful thermobaric demonstration test; and initiated the Unicorn Project which emplaced the first rack in 10 years.

### **SEA #3 – Improve Efficiencies & Enhance Capabilities of the NTS for National Security Work - Area Requiring Improvement**

BN displayed difficulty in responding to evolving scope and staffing the work effort to complete the DAF glovebox construction and turnover. Technical personnel substitutions impacted the development of a cohesive team to complete the activity in a timely manner. The lack of adequate attention required unanticipated (and unfunded) Laboratory participation in reviews and other actions to regain product quality.

### **SEA #4 – Environmental Management Activities - Achievements**

BN exceeded expectations in the borehole management project by completing surface preparation of 73 boreholes for closure (60 boreholes were targeted) and plugging and abandoning 60 boreholes (35 boreholes were targeted).

BN implemented a process to facilitate the acceleration of the NTS’s capability to receive off-site generated Mixed Low-Level Waste (MLLW) in a safe and efficient manner. BN reduced the time necessary to respond to technical comments on the mixed waste permit application made by the state regulator, and responded rapidly to NNSA/NV’s request to perform short-term construction activities in the MLLW inspection structure.

BN undertook a very aggressive workload and schedule for FY 2002 tasks relating to the Advanced Monitoring System Initiative Program. Although BN did not receive the funds to perform work until February 2002, all of the technology deployments were completed on or ahead of schedule and within budgets.

BN exceeded expectations in supporting the DOE HQ Marshall Islands program and assisting on-going medical program support. A major accomplishment was the coordination, development, fabrication, and production of two whole-body counting chairs involving an integrated BN team effort between BN’s Nevada and Honolulu offices.



BN successfully managed the initial deployment of two critical technologies. The technologies were: the Multi Agency Radiation Survey and Site Investigation (MARSSIM) procedure applied In-Situ Object Counting System (ISOCS) at the Reactor Maintenance Assembly and Disassembly (R-MAD) Facility and the Automated Monitoring System deployed at Area 3 and 5 Radioactive Waste Management Sites.

BN's emphasis on ensuring work is performed safely was evident in environmental management programs. In the LLW project over 362,000 man-hours have been completed without a lost time accident while safely disposing of over 2 million cubic feet of LLW. In addition, the Corrective Action Unit 113, R-MAD Facility, project worked over 654 days without a lost-time accident while decontaminating approximately 70% of the facility.

#### **SEA #4 – Environmental Management Activities - Areas Requiring Improvement**

BN was not proactive in addressing environmental issues until after assessments were conducted, findings identified and corrective actions required. For example, in FY 2002 BN did not meet expectations in the TRU Program. This included characterizing unvented drums, delays in the installation of the Thermal Conditioning Unit, delays in the repair of the oversized box of TRU waste, and delays in completing a visual examination of 40 drums.

BN did not implement the nuclear facility safety basis requirements for the Waste Examination Facility and TRU Storage Pad. In addition, BN has a Price Anderson Amendment Act (PAAA) finding that has remained open for over a year related to the implementation of safety basis requirements.

#### **SEA #9 – National Security Response - Achievements**

BN did an exceptional job in executing a wide variety of complex National Security Response operational activities throughout FY 2002. In many cases, these activities were on extremely short notice, under constant change, and for long periods of time. BN successfully adapted to all of the unique and difficult challenges while demonstrating the highest degree of professional standards and competence. These activities included five responses to Ground Zero at the World Trade Center, four classified deployments in support of National Security events, and 17 crisis responses to specific threats conditions throughout the year at nine locations across the country.

BN did an exceptional job of continuing to effectively manage day-to-day NTS activities during these extensive operation periods. Work scope, schedule, budget, and impact to programs were carefully and very effectively monitored. Many cost estimates and option and impact papers were provided on the many different operational mission configurations for very unique and complex operational situations.

## **IV. OPERATIONS**

### **Introduction**

Emphasis on improvement of operational practices varied throughout the organization. Several noteworthy efforts did occur. Examples include: the Facilities and Infrastructure Recapitalization Program (FIRP), safeguards and security operations; and management of the Area 12 Egg Point Fire at the NTS. In addition, BN's response to the Anthrax threat and beryllium exposure concern at the North Las Vegas B complex was timely and highly professional. However, significant concerns remain regarding the receipt of an Enforcement Letter for non-compliance with radiation protection related work controls and Integrated Safety Management (ISM) assessment findings related to hazards analysis.

### **SEA #5 - Enhance Technical Services - Achievements**

BN's performance in the FIRP area exceeded expectations. BN successfully developed 13 FIRP pre-conceptual and 10 conceptual design reports. These reports are key planning documents that identify project baseline parameters and are the foundation for project success. As a result NNSA/NV is targeted to receive approximately \$15M in FIRP funding for FY 2003.

The monthly Comprehensive Project List (CPL), developed, maintained, and continually improved by BN, continued to be a useful tool for users to view project status on a real-time basis. The CPL database plays a major role in support of NNSA/NV missions and goals by providing computer on-line access to integrated, prioritized Capital Asset Management Process-rated reports.

BN met the expectation to update and consolidate the Site Development Plan and the Ten Year Comprehensive Site Plan (TYCSP) into one document. The submission to HQ was timely and met HQ's expectations. BN worked closely with their federal counterparts to make necessary revisions to the Plan and held numerous meetings to inform stakeholders and resolve outstanding issues. This process, which supports NNSA/NV strategic initiatives, has been institutionalized and integrated throughout BN programs and allows any program/project manager to review status of any projects identified in the TYCSP.

### **SEA #5 Enhance Technical Services - Area Requiring Improvement**

The Condition Assessment Survey developed by BN for NTS facilities and infrastructure does not integrate all data, (i.e. programmatic, facility owner, and inspector data). Integration of the required data will allow NNSA to address the maintenance backlog and identify enhancements needed to support future work.

**SEA #6 – Enhance Safeguards and Security Operations - Achievement**

BN exceeded expectations by conducting 100 percent searches of vehicles exiting the NTS on eight separate occasions, and was successful in conducting self-assessments of 299 sensitive property items at all BN facilities. In addition BN enhanced efforts to insure the readiness of security vehicles by implementing a computer-generated specification parts file; ensuring a readily available supply of parts; and reorganizing inventory for easy access.

**SEA #7 – Environmental, Safety & Health Operational Enhancement Achievements**

BN was proactive in attempting to mitigate issues associated with wildland fires on the NTS. A comprehensive Wildland Management Plan was developed; lessons learned for calendar year 2000 fires were shared with BN and NNSA/NV upper management; expanded fire safety and emergency management self-assessments were undertaken to include wild land fire prevention, response, and mitigation capabilities; and one fully evaluated drill dealing with a wild land fire scenario was conducted.

BN's response to the Egg Point Wildland Fire was noteworthy. Approximately 300 individuals were deployed with no safety incidents. BN was commended by NNSA/NV and DTRA for their efforts in mitigating the potential effects of the incident.

BN Construction developed and implemented a Safety Improvement Plan resulting in 168 days with zero recordable injuries.

BN demonstrated substantial growth in their capabilities and improvement in the Electrical Safety Program. Improvements were particularly apparent in the Construction, Experimentation Support, and Site Services organizations where processes were established to substantially reduce risk and increase the overall rigor of the program. BN has successfully addressed all findings in the FY 2001 Phase I and II field assessment. Of the 44 original electrical action items, 42 have been completed and closed; the remaining 2 are skill of the craft and are being addressed by directive revisions, training, and testing. In addition, substantial improvement beyond Phase I and II field assessment has been shown with the self-identification of 21 new items, with 11 completed.

BN successfully submitted an application package for renewal of the site-wide NTS Air Quality Operating Permit ahead of schedule. The intensive twelve-month renewal process entailed dealing with unanticipated increases in scope and non-negotiable due dates driven by the State of Nevada. Completion of this high-quality application package, consisting of several hundred thousand data points, required significant interaction with all of the process owners at the NTS and was accomplished under severe time constraints.

BN took a proactive approach to upgrade radiological processes, workplace assessments, and document the technical basis for decision elements in developing radiological work permits. The creation of a radiological engineering group provided a greater capability to fix problems and upgrade processes.

BN provided excellent response to address the Anthrax threat to the mail handling process, including development of engineering controls and administrative procedures for effective worker health protection.

BN's management of the B Complex beryllium issue was noteworthy. BN was proactive in conducting a comprehensive sampling and characterization; medical surveillance; and candid and timely employee communications.

BN focused on meeting 10 CFR 830 requirements by performing a comprehensive gap analysis and preparing the *Bechtel Nevada Nuclear Operations Implementation Plan*. BN further improved operations by hiring additional nuclear safety professionals to address nuclear operations in BN-operated facilities.

#### **SEA #7 – Environmental, Safety & Health Operational Enhancement - Areas Requiring Improvement**

BN experienced at least seven safety related incidences at the Reactor Maintenance Assembly Disassembly Facility, four of which involved potential exposure to radiation contamination. One resulted in a PAAA Enforcement Letter from HQ and two other reportable PAAA noncompliances identified by the contractor. BN was responsive in reporting the incident and taking effective corrective actions. In addition, there were three safety related incidents associated with the UGTA drilling operations including one near miss and a second resulted in personal injury.

In general BN needs to be more proactive in the ES&H arena. Although they responded well when presented with an issue or a needed improvement it is incumbent upon them to be more aggressive in taking the initiative to review their ES&H posture and then in the spirit of continuous improvement make the necessary quality improvements.

#### **SEA #8 – Long Term Integrated Safety Management (ISM) Maintenance - Achievements**

BN's performance on the Facility Owner Program exceeded expectations. BN kept NNSA/NV informed of all program changes and enhancements and was aggressive in hiring and training personnel to staff the program.

BN exceeded NNSA/NV's expectation in the completion of focused management and validation assessments. A total of 13 management assessments were conducted (6 originally scheduled) of approved REOPs and completed 16 management assessments

(14 originally scheduled) to verify the status/completion of corrective actions identified due to result of ISM System Validation Assessments in FY 2001. In addition, BN completed three independent validations of ISM implementation at requested facilities; conducted 11 ISM implementation validations (10 requested) in facilities where issues found; and led nine validation assessments of BN support at non-BN managed facilities. These assessments were of good quality and provided valuable information on areas needing improvement.

**SEA #8 – Long Term Integrated Safety Management (ISM) Maintenance - Area Requiring Improvement**

The results of a BN/ISMS validation assessment indicated that additional management emphasis is warranted in the implementation of ISM, both from a strategic and tactical standpoint, if the goal of reduced Federal oversight is to be realized. Collective findings from internal and external reviews point to weaknesses in the areas of hazards analysis and feedback and improvement. Without an accurate identification and analysis of hazards, implemented hazard controls may not be adequate and subsequently affect the ability to perform work safely. The problem is compounded by a feedback and improvement program that is not as effective or as comprehensive as would be expected.